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## **ENVIRONMENTAL PROTECTION AGENCY**

**[EPA-HQ-OAR-2018-0396; FRL-9980-46-OAR]**

### **Notice of Intent to Hold a Workshop for a Study on the Impacts of Compliance with the ECA Fuel Sulfur Limits on U.S. Coastal Shipping**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Notice of workshop.

**SUMMARY:** The Environmental Protection Agency (EPA) is announcing a stakeholder workshop to be held in Washington, DC, on July 30, 2018. This workshop will engage individuals and companies involved in U.S. coastal shipping as transportation providers or users, as well as states, local communities, and interested citizens, in the development of a study of the impacts on that sector of the North American Emission Control Area (ECA) fuel sulfur limits for ships. The Agency will provide background on the study, describe the proposed analytic methodology, and solicit stakeholder input regarding the selection of transportation routes to be studied and data inputs.

**DATES:** The workshop will be held on July 30, 2018 at the location noted below under

**ADDRESSES.** The workshop will begin at 10:00 a.m. EST and end at 3:00 p.m. EST. Parties wishing to attend the workshop should notify the contact person listed under **FOR FURTHER INFORMATION CONTACT** by July 23, 2018. Additional information regarding the workshop appears below under **SUPPLEMENTARY INFORMATION.**

**ADDRESSES:** The workshop will be held at the following location: Room 1153, William Jefferson Clinton East, 1200 Pennsylvania Avenue, N.W., Washington DC 20460. Additional

information related to the workshop will be posted on the EPA website at:

<https://www.epa.gov/regulations-emissions-vehicles-and-engines/designation-north-american-emission-control-area-marine>. Interested parties should check the website for any updated information.

**FOR FURTHER INFORMATION CONTACT:** Julia MacAllister, Office of Transportation and Air Quality, Assessment and Standards Division, Environmental Protection Agency, 2000 Traverwood Drive, Ann Arbor, MI 48105; telephone number: 734-214-4131; email address: [macallister.julia@epa.gov](mailto:macallister.julia@epa.gov).

**SUPPLEMENTARY INFORMATION:**

**I. How Can I Get Copies of This Document and Other Related Information?**

*A. Docket*

EPA has established a docket for this action under Docket ID No. EPA-HQ-OAR-2018-0396. Publicly available docket materials are available either electronically through [www.regulations.gov](http://www.regulations.gov) or in hard copy at the EPA Docket Center, (EPA/DC) EPA West, Room 3334, 1301 Constitution Ave., NW, Washington, DC. The EPA Docket Center Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Public Reading Room is (202) 566-1744.

*B. Electronic Access*

You may access this Federal Register document electronically from the Government Printing Office under the “Federal Register” listings at FDSys (<http://www.gpo.gov/fdsys/browse/collection.action?collectionCode=FR>).

## II. Overview

The North American Emission Control Area (ECA) was designated in 2010 by amendment to Annex VI to the International Convention for the Prevention of Pollution from Ships (MARPOL).<sup>1</sup> Beginning January 1, 2015, the sulfur content of fuel used by ships operating in the ECA may not exceed 1,000 ppm. By the year 2030, this program is expected to reduce annual emissions of NO<sub>x</sub>, SO<sub>x</sub>, and PM<sub>2.5</sub> by 1.2 million, 1.3 million, and 143,000 tons, respectively. The magnitude of these reductions would continue well beyond 2030, and are estimated to annually prevent between 12,000 and 30,000 PM-related premature deaths; between 210 and 920 ozone-related premature deaths; 1,400,000 work days lost; and 9,600,000 minor restricted-activity days. The estimated annual monetized health benefits of the North American Emission Control Area in 2030 would be between \$110 and \$270 billion, assuming a 3 percent discount rate (or between \$99 and \$240 billion assuming a 7 percent discount rate). The annual cost of the overall program in 2030 would be significantly less, at approximately \$3.1 billion. This cost includes \$2.5 billion in fuel costs, \$0.6 billion in NO<sub>x</sub> control operating costs (e.g. urea consumption), and \$0.05 billion in variable costs.<sup>2</sup>

In Senate Report 114-281 (June 16, 2016),<sup>3</sup> Members of the Senate Committee on Appropriations indicated that while they support efforts to reduce pollution from marine vessels, “the Committee is concerned the mandate for fuel with a sulfur content of 0.1% in the North American Emission Control Area is having a disproportionately negative impact on vessels

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<sup>1</sup> See: <https://www.epa.gov/regulations-emissions-vehicles-and-engines/designation-north-american-emission-control-area-marine>.

<sup>2</sup> For analysis of the 2030 benefits and costs of the North American ECA, see Final Rule, Control of Emissions From New Marine Compression-Ignition Engines at or Above 30 Liters per Cylinder; this rule is available at <https://www.gpo.gov/fdsys/pkg/FR-2010-04-30/pdf/2010-2534.pdf>.

<sup>3</sup> Committee Report [To accompany S. 3068]; this report is available at <https://www.congress.gov/114/crpt/srpt281/CRPT-114srpt281.pdf>. The Joint Explanatory Statement accompanying the Consolidated Appropriations Act, 2017 (P.L. 115-31), refers to Senate Report 114–281 as carrying the same emphasis in regard to the administration of programs.

which have engines that generate less than 32,000 horsepower [and] this impact may cause some shippers to shift from marine based transport to less efficient, higher emitting modes.” As a result, “to avoid negative environmental consequences and modal shifting, the Committee directs the Agency to consider exempting vessels with engines that generate less than 32,000 horsepower and operate more than 50 miles from the coastline.”<sup>4</sup> In response to the Committee’s concerns, EPA intends to perform a study of the economic impacts of compliance with the North American ECA fuel sulfur limits on coastal shipping.<sup>5</sup> The study will be based on the approach the Agency used for a similar study carried out in 2012 examining the impacts of the application of the ECA fuel sulfur limits on the Great Lakes shipping industry.<sup>6</sup> That study used a combination of geospatial transportation route modeling and cost modeling to examine the impacts of the ECA fuel sulfur requirements for a specific set of transportation routes identified by stakeholders as being at risk for transportation mode shift.

Input from coastal transportation industry stakeholders and other industries involved in alternative transportation modes will be essential to identify the transportation routes to be studied: those routes that may be at risk of transportation mode shift as a result of increased operating costs due to the use of ECA fuel. Stakeholder input also will be important for essential data, including ship characteristics.

To facilitate stakeholder participation, EPA will conduct a workshop on July 30, 2018, at the location noted above under **ADDRESSES**. At this meeting, the Agency will explain the

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<sup>4</sup> Ships that generate less than 32,000 horsepower represent about 85 percent of all ships that visit U.S. ports.

<sup>5</sup> Coastal shipping, also called coastwise or short sea shipping, generally means marine transportation along a coast without crossing an ocean. For the purpose of this study, coastal shipping means the transportation of goods or materials by ship from an originating port located in North America, Mexico, or Central America to a United States destination port located on the Pacific, Atlantic, or Gulf coasts, or vice versa, but excludes shipping between Great Lakes ports.

<sup>6</sup> See <https://www.regulations.gov/document?D=EPA-HQ-OAR-2007-0121-0586> and <https://nepis.epa.gov/Exe/ZyPDF.cgi/P100E7EW.PDF?Dockey=P100E7EW.PDF>.

purpose of this economic impact study, describe the methodology that was used for a similar study of the impacts of ECA compliance on the Great Lakes, and explain the methodology that will be applied to this study of the economic impacts of the ECA fuel sulfur requirements on the U.S. coastal marine transportation. EPA will also describe the data needs of the study, how interested stakeholders can help EPA obtain that data, and EPA's procedures to ensure the protection of confidential business information.

EPA invites and encourages participation by all manner of coastal shipping stakeholders: shipping companies, both those with ships that are capable of operating on heavy fuel oil and those with ships that are designed to operate solely on distillate diesel fuel; companies that provide alternative land-based transportation (rail and highway truck); companies that utilize coastal marine transportation; state and local governments; environmental and community groups; and others who are interested in or who have information that may be useful for this study.

A draft agenda for the workshop can be found at: <https://www.epa.gov/regulations-emissions-vehicles-and-engines/designation-north-american-emission-control-area-marine>. EPA also plans to place relevant materials in that docket as they become available.

Dated: June 27, 2018.

**Christopher Grundler,**

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*Office of Transportation and Air Quality.*

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